

**FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2021 ONLY)**

(NO.OF PAGES:5)

21UBI305

REG.NO

NGM COLLEGE (AUTONOMOUS) POLLACHI

END-OF-SEMESTER EXAMINATIONS: DECEMBER-2022

B.Com-Banking & Insurance

MAXIMUM MARKS: 70

III SEMESTER

TIME: 3 HOURS

PART III

CORPORATE ACCOUNTING

SECTION – A

(10 X1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS

MULTIPLE CHOICE QUESTIONS

(K1)

1. Share application account is a _____.
a) Personal A/c b) Real A/c c) Nominal A/c d) Impersonal A/C
2. Preliminary expenses are an example of _____.
a) Fictitious assets b) Current asset c) Fixed assets d) Investment
3. Profits earned by a subsidiary upto the date of acquisition of shares by holding company are called _____.
a) Revaluation profits b) Capital profits
c) Revaluation profits d) Revenue profits
4. An asset which does not generate income to the banker is termed as _____.
a) Performing assets b) Fixed assets
c) Non-performing assets d) Current asset
5. In general insurance the policy amount is payable the _____ arises.
a) Assets b) liability c) profits d) losses

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define the term share.
7. Explain dividend.
8. Define - Holding company.
9. Explain the Rebate on Bills Discounted?
10. Define double insurance.

ETHICAL PAPER

(CONTD 2)

SECTION – B**(5 X 4 = 20 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) Bharat Ltd issued 50,000 equity shares of Rs. 10 each to the public that full amount of shares will be paid in lump sum. All these shares were taken up and paid by the public. Pass journal entries in the books of company when a) shares are issued at a premium of 10% b) shares are issued at discount of 10%

(OR)

b) Anu is a shareholder of Diamond Ltd. and were allotted 200 shares of Rs. 100 each at a premium of 10%. Share holder has to pay Rs. 25 on application, Rs. 35 on allotment (including premium), Rs. 20 on first call and Rs. 30 on final call. Anu has been paid all the moneys except first call and final call money. These shares were forfeited. Further these shares were re-issued to Radha at a price of Rs. 90 each. Make necessary journal entries for forfeiture and re-issue.

12. a) From the following particulars, determine the maximum remuneration available to fulltime director of a manufacturing company. net profit Rs.40,00,000 after taking into account the following items: i)Depreciation(including special Rs.40,000) ii)Provision for income tax Rs. 2,00,000 iii)donation to political parties Rs.50,000 iv)Ex-gratia payment to a worker Rs. 10,000) Capital profit on sale of assets Rs.15,000

(OR)

b) From the following items found in the trail balance of company On 31.12.2018 and the adjustments given there under, show how the items would appear in the final accounts:
i)Advance tax paid(2017)Rs.30,000 ii)Provision for taxation (2017) Rs.40,000 iii)Tax deducted at source Rs.5,000

Adjustments:

- i) Income tax for 2017 has been assessed at Rs.50,000 against which the advance payment of tax and tax deducted at source are to be adjusted.
ii)Provide Rs.30,000 for taxation on current profits.

13. a) Consolidate the following Balance Sheets:

Liabilities	H ltd(Rs)	S ltd (Rs)	Assets	H ltd (Rs)	S ltd (Rs)
Capital Re. 1 shares	1,400	1,000	900 shares in S ltd. At cost	1,200	----
Creditors	----	500	Sundry assets	200	1,800
Profit & loss account	----	300			
TOTAL	1,400	1,800	TOTAL	1,400	1,800

When H Ltd. acquired the shares in S, the profit and loss A/C of the latter had a credit balance of Rs.200. Calculate Minority Interest.

(OR)

b) Describe holding company and subsidiary company.

14. a) The trial balance of national bank limited as on 30th June 2014, shows the following balances,

1. Interest and discounts-Rs.45,40,600.
2. Rebate on bills discounted on (1.7.2013)-Rs.4,750
3. Bills discounted and purchased-Rs.3,37,400.

The amount of unexpired discount as on 30.06.2014 is Rs.5560. Write the necessary adjusting entries and calculate the amount of interest and discount to be credited to P/L A/c.

(OR)

b) From the following information , determines the amount of provision for bad and doubtful debts to be made in the profit and loss a/c.

	Rs. in lakhs
Standard assets	16,000
Sub standard assets	1,300
Doubtful for one year	700
Doubtful for 2 to3 years	400
Doubtful for more than 3 years	200
Loss assets	500

15. a) A life insurance company disclosed a fund of Rs.25,00,000 on 31.3.2016 before taking the following into consideration.
1. a claim of Rs.15,000 was intimated and admitted but not paid during the year.
 2. a claim of Rs.8,000 outstanding in the books for 8 years is written back.
 3. premium of Rs.1,000 is payable under reinsurance.
 4. Reinsurance recoveries Rs.30,000
 5. Bonus utilized in reduction of premium Rs.8,000.
 6. Agents Commission to be paid Rs.6,000.
- Find out the correct Life Assurance Fund.

(OR)

b) From the following particulars, prepare the Fire Revenue Account for 2006:

Particulars	Amount (Rs. in '000)
Claims paid	235
Legal expenses regarding claims	5
Premium received	600
Reinsurance premium	60
Commission	100
Expenses of Management	150
Provision against unexpired risk on 1.1.1996	260
Claims unpaid 1.4.200	20
Claims unpaid 31.3.2006	30

SECTION – C**(4 X 10 = 40 MARKS)****ANSWER ANY FOUR OUT OF SIX QUESTIONS.**

(16TH QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS FROM Q.NO: 17 TO 21)

(K4) OR (K5)

16. Distinguish between Life Insurance and General Insurance.
17. A Ltd. Invited applications for 10,0000 shares of Rs.100 each at a discount of 5% payable as follows: on application Rs.25, on allotment Rs.34, on first and final call Rs.36. Application were received for 9,000 shares and all of these were accepted. All moneys due were received except first and final call on 100 shares which were forfeited. Of the forfeited shares, 50 shares were reissued at the rate of Rs. 90 as fully paid. Show necessary journal entries in the books of the company.

(CONTD 4)

18. The M Ltd was registered with a nominal capital Rs.12,00,000 in equity shares of Rs. 10 each. The following is the list of balances extracted from its books on 31.3.98

Particulars	Debit	Particulars	Credit
Premises	6,00,000	Sales	8,30,000
Stock(1.4.97)	1,50,000	6% debentures	6,00,000
Furniture	14,400	P&L A/C(cr)	29,000
Calls-in-arrears	15,000	Bills payable	76,000
Plant & machinery	6,60,000	Sundry creditors	1,00,000
Interim dividend paid	75,000	General reserve	50,000
Sundry Debtors	1,74,000	Provision for doubtful debts (1.4.97)	7,000
Goodwill	68,000	Subscribed, called up & paid up capital	8,00,000
Cash and bank balances	63,300		
Purchases	3,70,000		
Preliminary expenses	10,000		
Wages	1,69,730		
General expenses	13,670		
Advertising	20,000		
Freight	26,230		
Salaries	29,000		
Directors fees	11,450		
Bad debts	4,220		
Debenture interest paid	18,000		
Total	24,92,000	Total	24,92,000

The following adjustments have to be made:

- i) stock on 31.3.98 was valued at Rs.1,90,000 ii) Write off Rs. 2,000 from preliminary expenses
 iii) Provide for half year's debenture interest iv) The provision for doubtful debts on 31.3.98 should be equal to 1% on sales v) Director's fees are outstanding to the extent of Rs.550 and salaries Rs.1,000
 vi) Depreciate plant & machinery by 5%; premises by 2% and write off Rs 2,400 on furniture
 vii) Goods to the value of Rs.3,000 were distributed as free sample during the year. But no entry in this respect had been made. You are required to prepare the statement of profit & loss for the year ended 31.3.98 and Balance sheet.

19. The following are the Balance Sheets of H Ltd. and its subsidiary S Ltd as on 31.3.2015

Liabilities	H Ltd (Rs.)	S Ltd (Rs.)	Assets	H Ltd (Rs.)	S Ltd (Rs.)
Share capital Rs10 each fully paid	6,00,000	2,00,000	Machinery	3,00,000	1,00,000
General reserve	1,50,000	70,000	Furniture	70,000	45,000
Profit & Loss A/c	70,000	50,000	70% shares in S Ltd.at cost	2,60,000	-
Creditors	90,000	60,000	Stock	1,75,000	1,89,000
			Debtors	55,000	30,000
			Cash at bank	50,000	10,000
			Preliminary exp.	-	6000
	9,10,000	3,80,000	TOTAL	9,10,000	3,80,000

H Ltd acquired the shares of S Ltd on 30th June 2014 . On 1st April 2014 S Ltd's general reserve and profit & loss account stood at Rs.60,000 and Rs.20,000 respectively. No part of the preliminary expenses was written off in the year ended 31.3.2015. Prepare consolidated Balance Sheet of H Ltd and S Ltd.

20. From the following information, prepare Profit and Loss Account of Swadesh Bank Ltd., for the year ended 31st December 2017.

Particulars	Rs.(‘000)	Particulars	Rs. ‘000)
Interest on fixed deposits	430	Repairs to bank property	2
Interest on loans	650	Commission ,exchange and brokerage	24
Discount on bills discounted	415	Directors fees and allowances	25
Interest on overdraft	210	Transfer fees	2
Interest on cash credits	410	Provident fund contribution	12
Interest on savings bank	125	Local committee fees and allowances	10
Salaries and allowances	140	Audit fees	12
Rent ,taxes, Insurance and	40	Printing and stationery	4
Locker rent	5	Loss on sale of government securities	5
Loss on sale of furniture	2	Postage and telegrams	2
Depreciation	10	Advertisement	4
Legal charges	3		

i)Rebate on bills discounted on 31st December,2016 Rs.19,000

ii)Rebate on bills discounted on 31st December 2017 Rs,26,000

iii)Bad debts to be written off Rs.40,000

iv)Provide for taxation Rs.50,000.

21. From the following balances of United General Insurance Co.Ltd as on 31.3.2016.

(i) Fire revenue A/c (ii) Marine revenue A/c (iii) Profit & Loss A/c

	Rs.(‘000)		Rs.(‘000)
Provision for unexpired risk on 1.4.15: Fire	500	Interest, dividends	28
Marine	1,640	Difference in exchange (cr)	.6
Additional Reserve on 1.4.15 : Fire	100	Miscellaneous receipts	10
Bad debts : Fire	10	Profit on sale of land	120
Marine	24	Premium received : Fire	1200
Auditor's fees	2.4	Marine	2160
Director's fees	10	Expenses of Management:	
Share transfer fees	1.6	Fire	290
Bad debts recovered	2.4	Marine	800
Claims paid & outstanding : Fire	380	Commission earned on reinsurance ceded: Fire	60
Marine	760		120
Commission paid : Fire	180		
Marine	216		
Depreciation	70		

Provision for unexpired risk is to be kept at 50% of the premiums for fire and at 100% for marine departments. The additional reserve in case of fire insurance is to be increased by 5% of the net premium.